

**MINUTES**

**California Industrial Development  
Financing Advisory Commission  
915 Capitol Mall, Room 587  
Sacramento, California  
June 19, 2012**

**1. CALL TO ORDER & ROLL CALL**

Bettina Redway, Acting Chair, called the California Industrial Development Financing Advisory Commission (CIDFAC) meeting to order at 10:34a.m.

Members Present: Bettina Redway for Bill Lockyer, State Treasurer  
Alan Gordon for John Chiang, State Controller  
Pedro Reyes for Ana J. Matosantos, Department of Finance  
Colleen Monahan, California Corporations Commissioner,  
Department of Corporations  
Stanton Hazelroth for Brian P. Kelly, Agency Secretary, Business,  
Transportation and Housing Agency

Staff Present: Eileen Marxen, Executive Director

Quorum: The Acting Chair declared a quorum

**2. APPROVAL OF DECEMBER 13, 2011, MEETING MINUTES**

Ms. Redway asked if there were any questions or comments concerning the December 13, 2011 meeting minutes. There were none.

Ms. Redway asked if there was a motion.

Mr. Reyes moved approval of the minutes; upon a second, the minutes were unanimously approved.

**3. EXECUTIVE DIRECTOR'S REPORT**

Ms. Marxen opened her report by noting that the bond issue before the Commission that day was the first issue this calendar year. She said the Industrial Development Bond (IDB) program continues to be plagued by the nation's and the state's recent recession and slow recovery.

Ms. Marxen then informed the Commission that the Council for Development Finance Agencies, known as CDFA, recently announced proposed federal legislation aimed at improving the IDB programs nationwide called the American Manufacturing Bond Finance

Act. She stated that CDFA's proposed ACT would amend the IRS code applicable to IDBs in order to make the program more attractive and more accessible to a broader range of manufacturers and investors. Specifically, she said, the Act would increase the maximum bond limitation from its current \$10 million to \$30 million, expand the definition of manufacturing to include both tangible and intangible products, and eliminate the restriction on the use of accelerated depreciation of new equipment by manufacturers using IDB financing for capital expenditures, among other things. Ms. Marxen said that many of these proposed changes have been discussed by the industry for some time and have been on CDFA's legislative agenda for a number of years, and she said she believes these changes will have a positive impact on California's IDB program. As a member of the CDFA board, and as a member of the legislative committee, Ms. Marxen said she will monitor the progress of the Act as CDFA seeks support and authors/cosponsors in Congress, and she will provide the Commission with status updates.

She then ended her report.

#### **4. BUSINESS ITEMS**

##### **A. REQUEST TO APPROVE ISSUANCE OF TAX-EXEMPT BONDS AND TRANSFER INDUSTRIAL DEVELOPMENT BOND (IDB) ALLOCATION**

Presented by: Deanna Hamelin, Analyst

Staff introduced Mike Mazzocco, Vice President of Packaging Innovators Corp. and Walter Vennemeyer, Progressive Capital.

The Company currently owns and operates a 120,000 square foot manufacturing facility in the City of Livermore in Alameda County. Bond proceeds will be used to acquire and install a new Bobst Martin 5 Color FFG 1228 NT Rapidset Flexo Folder Gluer with die cutter and seven Kleenplate with spare parts, which will be used to print, die cut, coat, fold, and glue corrugated products such as boxes and displays. This one of a kind piece of equipment will allow for greater output and increased sales growth potential due to the machine's superior set-up and run speeds.

The equipment acquisition commenced in February 2012 and is scheduled to be completed by July 2012. The installation of the machine is scheduled to be completed by September 2012.

The tax-exempt IDBs will be sold on a private placement basis to People's Capital and Leasing Corp (PCLC). PCLC, which is a qualified institutional buyer (QIB) as defined by the U.S. Securities and Exchange Commission (SEC) Rule 144A, will purchase the bond for its own investment portfolio. The bonds are expected to have a fixed interest rate of 2.6, although this fixed rate may be adjusted to reflect changes in PCLC's Cost of Funds Rate at the time of the bond closing in September 2012.

The Project received 39 points out of a possible 147 pursuant to the California Debt Limit Allocation Committee (CDLAC) scoring system for IDB Projects.

## **Agenda Item 2.**

Staff recommended approval of Initial and Final Resolution No. 12-0001 for \$5,136,632 in tax-exempt bonds and Allocation Resolution No. 12-002-001 for \$5,136,632 in tax-exempt IDB allocation for the ACIDA for the Packaging Innovators Corp. Project. Staff's recommendation is subject to staff analysis and approval of final bond documents and receipt of bond counsel's opinion as set forth in Initial and Final Resolution No.12-0001.

Ms. Redway asked if there were any questions or comments from the Board or public.

Mr. Reyes moved approval of the item.

Ms. Redway asked about the size of the Rapidset Flexo Folder Gluer.

Mr. Mazzocco answered that it is 50" by 113", giving it a total length of approximately 140' by 20'.

Ms. Monahan asked who is the manufacturer of the equipment.

Mr. Mazzocco answered that the manufacturer is Bobst, a French company. He said there are no American manufacturers of this type of equipment.

Ms. Redway asked if there were any further comments from the Board, or the public. There were none.

Upon a second, the item was unanimously approved.

### **5. PUBLIC COMMENT**

Ms. Redway asked if there were any comments from the public. There were none.

### **6. ADJOURNMENT**

There being no further business, public comments, or concerns, the meeting adjourned at 10:40 a.m.

**Respectfully submitted,**

Eileen Marxen  
Executive Director